(c) whether awy efforts were made to recovev those dues during the last year and if so, with what result and what are the future plans in that regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY: (a) United Bank of India have reported that the total amount of accumulated Non-Performing Assets (NPA) is about Rs. 949 crores. Out of this it was proposed to recover Rs.60.5 crores and effect reduction of Rs. 68.5 crores by March. 1994.

(b) Total outstanding dues in respect of accounts having outstanding balance of over Rs. 1 crore as on March, 1993 was Rs. 427.18 crores. In accordance with the statutes governing the nationalised banks and in keeping with the practices and usages customary amongst bankers, information relating to the affairs of their constituents is not disclosed.

(c) RBI have been impressing upon the banks to strengthen their credit appraisal machinery and exercise close supervision and control over advances. United Bank of India have already set up a separate cell for effecting recovery and settlement of dues. Against the targets referred to (a) above the achievements were Rs. 51.54 crores and Rs. 4753 crores

respectively.

Fraudulent Transactions in the Newyork Branch of Bank of India

5417 SHRI VIREN J. SHAH :
SHRI PROMOD MAHAJAN .
SHARI V. GOPALSAMY:
SHRI P. UPENDRA:

Will the Minister of FINANCE be pleased to state:

(a) whether a former senior officer of Bank of India posted in United States has been involved in allegedly conniving in swindling its New York Branch by sanctioning Rs. 28 crore loan to certain parties without proper scrutiny,

(b) if so, what are the details in this regard;

(c) whether the CBI has registered a case against the said officer and others for their irregular transactions;

(d) if so. what are the names of the persons/ parties involved, irregularities detected and the total amount involved in such fraudulent transaction; and

(e) what action Government had taken and propose to take in checking stjch irregularities and fraudulent transactions iff banks ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a)to(d) On a complaint filed by Bank of India, CBI has registered a regular case on 22-2-94 against Shri G.C. Kathrani, former Senior Vice-President, Bank of India, New York Branch, some unknown officers of the bank/private parties and the following 8 companies for defrauding the Bank to the extent of approximately Rs. 28.33 crore :—

1. M/s. Panama City Restaurant, New York belonging to Shri Sant Singh Chatwal *&* others.
2. M/s. Tribhovandas Bhimji Zaveri Inc., New York belonging to Chatwal *&* others.
3. M/s. Frank Loguidice, New York belonging to M/s. Frank Loguidice.
4. M/s. Pickwick Company, New York of S/ Shri Harshad Shah and Sitaram L. Patel.
5. M/s. 222, East Thirteenth (13) Ltd., New York belonging to Mr. Peter Weiss Shri Mahesh Sadhwani and others.
6. M/s. Universal Shines Inc., New Your belonging to Shri Bipin Sagar *&* others *&* Mrs. Sunita Arora.
7. M/s. Zurich Corpn, New York belonging to Dr. P.S. Prasad and Mrs. Indrani Prasad.
8. M/s. Hospitality Reality, New York belonging to Shri Murli Krishna and others.

The allegations in brief are that the former senior Vice-President of Bank of India, in pursuance of a criminal conspiracy with certain

bomrtKn in USA and some unknown ofiicers of the Bank and private parties, misused hi* , UKci&l position and granted various credit Cscflities by exceeding his delegated authority and without making required credit assessment inclduing pre-sanction inspection/post-sanction inspection. Further, the financial statist o{ the borrowers was also not ascertained.

(e) The High Level Committee set up by Reserve Bank of India, at the instance of Government of India to enquire into various aspects relating to frauds and malpra&ices in banks, have made a number of recommendations in regard to checking incidence of frauds, in advances portfolio of the banks.The Banks hav* been advised to implement me recommendations of the Committee hi* mis regard which interalia, call for obtaining adequate and comparative financial statements, details of (he project, confidential reports on the borrowers and proper appraisal of the loan proposals before sanctioning the credit facilities.

The Bank* have also been advised to set up Internal Loan* Review Department to evaluate the quality of credit portfolio and report on the health portfolio directly to the Board at periodical intervals.

The Banklfhave been advised to lay stress on the technical competence of the official* in evaluating the loan proposals.

News koon regarding eplusa wher

5418. SHRI PRAMOD MAHAJAN: WiB me Minister of FINANCE be pleased ta state:

(a) whether *t* Govern~~m~~ent'* attention has been drawn towards a news item under the caption 'opium war* published in Sunday, the 27th March, 1994; and

(b) if so, what step* Government are taking against this onslaught of Pakistan?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Tfea, Sir.

(b) Some of the steps taken by the Government to curb drug trafficking are as under :—

1. All law enforcement agencies under the Central and State Governments haw been instructed tp maintain utmost vigil against trafficking of drugs from across *he Indo-Pak border.

2 Specialised training is being imparted to fold officers to improve their capabilities of combating drug trafficking

3. Vehicles and equipments procured under UNDCP assistance programme have bee^R provided to enforcement agencies operating on the border areas.

4. A part of Indo-Pak border has been fenced.

5. Field level contact points in all Centra) and State Government enforcement agencies have been established to promote interagency cooperation in enforcement work. ,

6. Coordination meetings are being held regularly at the Central and State levels to review the working of enforcement agencies and-to exchange intelligence on drug trafficking.

7. BSF and the Const Guard who are deployed on the land and coastal border h«w been vested with *tin* powers undet the Customs Act to interdict narcotic drugs in addition to the Central and State Government enforcement agencies empowered under NDPS Act

Arpotataseat of Aadltors tor PafcSc Sector Banks

3419. SHRI B. K. HARIPRASAD. Will the Minister of FINANCE be pleased to sure:

(a) whether it is a fact that the Reserve Bank of India's rules and requlationa regarding appointment of Central Statutory auditor* for public ssstor banks are being flouted by linns of Chartered Accountants ?

(b) whether such appointment are made on the sole criterion that there should be at least four partners in such a firm;

(c) whether Government are aware that such firm*, apart from meeting the 'quantum of partners' criterion, do not have the requisite